

U.S. Department of Justice

United States Attorney

Eastern District of Virginia

*Paul J. McNulty
United States Attorney*

*2100 Jamieson Avenue (703)299-3700
Alexandria, Virginia 22314*

NEWS RELEASE

**FOR IMMEDIATE RELEASE
ALEXANDRIA, VIRGINIA
November 15, 2004**

**For Further Information Contact
703-842-4050**

United States Attorney Paul J. McNulty announced that Michael M. Sears, age 57 of Lake Forest, Illinois, former Chief Financial Officer of the Boeing Company, pled guilty today before the Honorable Gerald Bruce Lee, United States District Court Judge, to a one-count criminal information charging aiding and abetting acts affecting personal financial interest. Sears, who will be sentenced on January 21, 2005, could receive a maximum sentence of 5 years in prison and a \$250,000 fine.

Sears was the Chief Financial Officer of the Boeing Company from May 2000 until November 2003. He was also a member of the Office of Chairman which consisted of the four senior executives of the Boeing Company. From September 23, 2002, through November 5, 2002, Sears aided and abetted Darleen Druyun, then the Principal Deputy Assistant Secretary of the Air Force for Acquisition and Management, in negotiating employment with Boeing while she was participating personally and substantially as an Air Force official overseeing the negotiation of a \$20 billion lease of 100 Boeing KC 767A tanker aircraft.

Mr. McNulty said, "Michael Sears' secret employment negotiations with a senior Air Force official struck at the heart of the integrity of the multi-billion dollar defense acquisition process. Conflict-of-interest rules are important and protect the public interests."

(more)

Sears was contacted in September 2002 by Darleen Druyun's daughter, herself a Boeing Company employee. In a series of E-mails to Sears, the daughter outlined her mother's intention to retire from the Air Force and the type of position her mother would accept after retirement. Druyun discussed these E-mails with her daughter, who relayed Druyun's interest in Boeing employment and a meeting with Sears.

As a result, Michael Sears and Darleen Druyun met in a private conference room at the General Aviation Terminal of Orlando Airport on October 17, 2002. Darleen Druyun advised Sears at that meeting that she had not disqualified herself from matters involving Boeing and, therefore, they should not be discussing her possible employment by Boeing. Sears intentionally elected to continue with the employment negotiations knowing their actions created a conflict of interest. At the conclusion of their meeting, Michael Sears and Darleen Druyun discussed issues concerning a major Air Force procurement which Boeing participated in as a subcontractor.

Michael Sears was terminated by Boeing on November 24, 2003.

The investigation is being conducted by the Defense Criminal Investigative Service of the Office of Inspector General, Department of Defense, the Air Force Office of Special Investigations, and the Federal Bureau of Investigation. Assistant United States Attorney Robert W. Wiechering is prosecuting the case for the United States.

#